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CURRENT SUPPORT BRIEF

A NEW PAYMENT SYSTEM FOR MEMBERS OF COLLECTIVE FARMS
IN CZECHOSLOVAKIA

OFFICE OF RESEARCH AND REPORTS

CENTRAL INTELLIGENCE AGENCY

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CONFIDENTIAL**A NEW PAYMENT SYSTEM FOR MEMBERS OF COLLECTIVE FARMS
IN CZECHOSLOVAKIA**

A new cash-payment system for collective farm members, emulating that installed in many Soviet kolkhozes during the last two years, is currently being introduced in Czechoslovakia. 1/ This system is the fourth major change in agricultural policy that the Czech regime has copied from the USSR since 1958.* Through such policy changes Czechoslovakia is continuing to lead the other European Satellites in the transition to an absolute socialist state.

The New System

Under the cash-payment system, collective members are paid monthly in cash for all work performed in that period. Payments in kind are discontinued, although crops produced by the collective will be available for purchase by members. Bonuses are paid for over-fulfillment of plans and increased efficiency. Farm jobs are categorized according to the skill required and their relative importance, and standard work units are being developed. 5/ For example, plowing for six hours, feeding cattle for seven hours, and thinning sugar beets for eight hours might each equal a work unit. At the beginning of the year, the collective is to fix a cash value to the work unit, so that the monthly wage of a member may be calculated by applying this value to the number of work units accumulated during the month. The cash-payment system will be a fundamental change from the method now in general use, which distributed 60 to 70 percent of the planned value of work in monthly advances in both cash and in kind and distributes the remainder at the end of the year after the collective's income has been computed. 6/

Requisite for Adoption

To carry the cash-payment system through successfully, it is imperative that the collective be sound financially. Collective managements have been warned against premature conversion, for failure to maintain cash solvency after adoption would lead to difficulties. 7/ Such instances have occurred during similar conversions in the USSR.

Motives for Adopting the New System

By adopting the cash-payment system, the Czechs will be conforming dutifully to Communist ideology. The cash-payment system, however, provides several advantages.

It makes possible an improved position for the collectives in the competition for labor. Through the years, collectives have been handicapped by an exodus of rural youth and farm machinery operators to higher paying employment in industry. The cash-payment system could be used as an inducement by the collectives to keep these persons on the farm.

* The other three: (1) The transfer of machinery from the Machine Tractor Stations to the collectives, 2/ begun in 1959 and about 60 percent completed by February, 1960; (2) the consolidation of collectives 3/ (from January to August, 1960, 2,146 collectives averaging 261 hectares were consolidated to form 989 farms averaging 636 hectares); and (3) the replacement of the multiple-price, compulsory delivery system by the single-price, contractual delivery system on 1 January 1960. 4/

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The system also provides an income stabilizer for collective members. The monthly cash payments would provide income throughout the year and safeguard against the income fluctuations under the older payment system, which resulted from changes in the production of the collective.

Also, a simplified system of wage calculation and cost accounting will be possible. With the older payment systems, the value of the work unit could not be determined until the collective's income was computed at the end of the year, and payments in kind added further complications to the calculation and distribution of income.

Furthermore, the system provides a means to facilitate the annexation of the private plots of members by the collective farm with the least possible peasant alienation. No other Bloc country, including the USSR, has been as outspoken against the evils of the private plots as has Czechoslovakia. Bulgaria has been encouraging production on private plots, while the Soviet Union has maintained a "go slow" policy on the touchy issue of annexation. Czech officials argue that members of collective farms have depended too much on their private plots for cash income throughout the year, to the detriment of collective production. Hence, the authorities have encouraged programs to dissuade efforts on the private plots. Monthly cash wages will give collective members the means to buy goods, and will reduce their dependency on the production from their private plots.

Prospects for Implementation

It seems likely that the conversion to the cash-payment system will be stepped up in 1961, but only at a moderate rate because many of the collectives are not financially capable of entering this program. The consequences of shortages of cash and the example of such shortages in the USSR should curb overly enthusiastic collective administrations. By December, 1960, only 69 of 11,153 collectives had adopted the system. 8/

The Czech regime is not expected to force the annexation of private plots at this time, however, because of the adverse effect that it might have on total agricultural production.

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Sources:

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2. Gt. Brit., BBC. Survey of World Broadcasts, Part II, Eastern Europe, 10 Feb 60. U.
3. [REDACTED]
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5. Gt. Brit. Press Review, No. 231, p. i. U.
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8. Gt. Brit. Press Review, No. 258, 8 Nov 60, p. 1. U.

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